

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-07 ISO-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 476

INFO USUN NEW YORK 245

AMEMBASSY LONDON

AMEMBASSY KUALA LUMPUR

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DEPT PASS TO BUREAU OF MINES

E.O. 11652: N/A

TAGS: EMIN BL

SUBJ: BOLIVIA DECIDES NOT TO SIGN FIFTH ITA

REF: LA PAZ 3182

1. PRESS OF APRIL 24 REPORTS BOLIVIAN CABINET HAS DECIDED NOT TO SIGN FIFTH INTERNATIONAL TIN AGREEMENT. ANNOUNCEMENT WAS MADE BY GEN JUAN LECHIN, MINISTER OF PLANNING. HE ALSO SAID PRESIDENT BANZER WOULD GIVE A SPEECH AT THE END OF APRIL EXPLAINING REASONS FOR GOB DECISION. LECHIN SAID THAT TAKING INTO ACCOUNT BOLIVIA'S INFLUENCE AS SECOND PRODUCER OF TIN IN THE WORLD, THERE WILL NOT BE ENOUGH VOTES TO GO AHEAD WITH PUTTING INTO EFFECT OF NEW AGREEMENT. BOLIVIA HAS 187 OF TOTAL 950 PRODUCER VOTES OR 19.7 PERCENT. LECHIN SAID GOB'S ACTION WILL CAUSE DURATION OF FOURTH AGREEMENT TO BE EXTENDED FOR ONE YEAR DURING WHICH TIME GOB CAN MAKE KNOWN REASONS FOR ITS ACTION AND SEEK SOLUTIONS TO PROBLEMS. ONE OF THE FUNDAMENTAL PROBLEMS IS EXIST-

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ENCE OF EXCEPTIONALLY LARGE BUFFER STOCK ACCORDING TO LECHIN.

2. COMMENT: OFFICIALS IN MINMINES AND OTHER GOB OFFICIALS HAD APPARENTLY DECIDED TO SIGN FIFTH ITA IN SPITE OF THEIR CONCERNS ABOUT: 1) VOTING SYSTEM WHICH, THEY SAY, GIVES, IN EFFECT, A VETO TO US AMONG CONSUMERS AND TO MALAYSIA AMONG PRODUCERS AND REQUIRED TWO THIRDS MAJORITY FROM EACH GROUP, 2) VOLUNTARY CONTRIBUTIONS BY CONSUMERS TO BUFFER STOCK AND DECISION ON PART OF SOME MAJOR CONSUMERS INCLUDING US NOT TO CONTRIBUTE, 3) FAILURE OF LAST MEETING OF ITC TO RAISE THE CEILING PRICE OF TIN WHICH IS AT PRESENT FOR BOLIVIA, AT \$3.23 PER POUND OF TIN, ONLY SLIGHTLY ABOVE PRODUCTION COSTS. SEVERAL PROMINENT MEDIUM MINERS CALIM TO EMBASSY THAT EVENT WHICH TIPPED SCALES AT LAST MINUTE IN FAVOR OF NOT SIGNING ITA IS ITC REGULFTION REPORTEDLY POINTED OUT BY THE FRENCH THAT THERE CAN BE ONLY 7,500 MT OF TIN IN BUFFER STOCK AT TIME NEW AGREEMENT ENTERS FORCE AND THAT THIS WILL FORCE ITC TO SELL 10,000 MT IN MAY AND JUNE 1976 THREATENING SERIOUS FALL IN PRICES. GOB THUS OPTED FOR DELAY OF IMPLEMENTATION OF FIFTH ITA FOR ONE YEAR. END COMMENT.

3. ACTION: REQUESTED: AMBASSADOR WILL HAVE OPPORTUNITY TO SEE SEVERAL SENIOR GOB OFFICIALS IN NEXT FEW DAYS AND WOULD APPRECIATE WASHINGTON GUIDANCE ON WHAT, IF ANY, USG POSITION TO EXPRESS WITH RESPECT TO BOLIVIA'S PLANNED INTENTION NOT TO SIGN THE FIFTH INTERNATIONAL TIN AGREEMENT.
STEDMAN

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